
TWENTY-SEVENTH ANNUAL REPORT

Fiscal Year 1993



U.S. Department of Transportation
Office of the Secretary

U.S. DEPARTMENT OF TRANSPORTATION

Twenty-Seventh Annual Report

Fiscal Year 1993

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Executive Summary

The Department of Transportation (DOT) is responsible for devising and implementing national transportation policies to assure that residents of the United States can access a “total transportation system” that moves them and their goods safely, conveniently, at low cost, and without adversely affecting the environment.

Midwest Floods

Following the Midwest Flood of 1993, the Department was the principal Federal agency responsible for transportation damage assessment, restoration of service, and procurement of needed assets. DOT activated United States Coast Guard (USCG) personnel on the rivers, established temporary air control facilities, and expedited Federal financial assistance for highways and railroads that had washed away.

National Performance Review (NPR)

In March, the President ordered a review of the Federal Government to improve its quality and to cut the costs of delivering services to the American taxpayer. As part of the NPR, Departmentwide teams focused on safety, rulemaking, grants delivery, administrative services, the environment, and field organization. Operating administration teams examined technical subjects and administrative issues, such as intermodal cooperation, automation, communications, organizational structures, performance management, and management practices. The national report, *Creating a Government that Works Better and Costs Less*, contained more than 200 recommendations - some applying to all Government agencies and others to specific agencies, including 23 to DOT.

Safety

From its inception, DOT has been committed to the enhancement of transportation safety. The Office of the Secretary oversees departmental safety regulatory actions; most operating administrations, in turn, regulate their transportation mode. DOT also drafted final rules implementing an executive order on seismic safety and, together with five operating administra-

tions, regulations that implemented the Omnibus Transportation Employee Testing Act of 1991.

The Federal Aviation Administration (FAA) addressed safety concerns such as deicing, the duty times of flight attendants and air crews, emergency evacuations, and manufacturers' compliance with safety regulations.

The National Highway Traffic Safety Administration (NHTSA) issued a proposed rule about rear-facing child restraint systems to alert consumers not to use them in the front seating positions of vehicles equipped with passenger-side air bags.

The USCG supported a national program to educate the public about safe boating practices. It serves as an information hub for all government agencies, Federal and state, and national nonprofit organizations with boating programs. National Safe Boating Week programs achieved record levels of participation. A toll-free boating safety hotline responded to nearly 150,000 calls concerning boating safety, safety recalls, law enforcement boardings, and the Recreational Vessel Fee program.

The Federal Railroad Administration (FRA) issued four rulemakings that impacted the safety of the railroad industry: a final rule protecting temporary members of a train or yard crew; an interim final rule issued in response to petitions for reconsideration and revision of the locomotive engineer certification rule; a final rule requiring event recorders on fast trains to improve the safety of railroad operations; and an interim regulation identifying several lighting arrangements acceptable for use on locomotives.

The Research and Special Programs Administration (RSPA) developed a risk assessment model for prioritizing its actions in managing, by rulemaking and other means, the risks to public safety and the environment posed by natural gas and hazardous liquid pipelines. RSPA began a thorough review of the pipeline program to identify actions that would increase the protection of the public and the environment from pipeline ruptures.

DOT continued to emphasize initiatives, like payments to employees for transit benefits and a study on the implications of telecommuting, to foster environmental protection.

Departmentwide Initiatives

Crisis Management: The Midwest Flood

Between June and September, the Flood of 1993 adversely impacted the lives of people in nine states bordering the Mississippi River basin, washing out homes, inundating farmland, and disrupting all means of transportation. Barge traffic was stranded, several regional airports were under water, and many vital highway and rail bridges were impassable. The railroad freight industry was especially hard hit.

RSPA coordinated DOT's response to the flood. DOT was the principal Federal agency responsible for transportation damage assessment, restoration of service, and procurement of needed transportation assets. RSPA assembled a Crisis Management Team at DOT headquarters to support the Secretary in directing the response and published daily status reports for the Federal transportation community. Regional Emergency Response Coordinators managed response activities in the disaster area, working with State and local authorities and the Federal Emergency Management Agency.

The Secretary activated more than 400 USCG reservists, who represented every unit in the Second District. Most were assigned to flood response teams that assisted Federal and local agencies in water transportation and reconnaissance, law enforcement, and rescue operations. USCG Auxiliary provided extensive operational and administrative support for USCG Midwest Flood activities. Once river conditions were at safe levels, bridges across affected navigable waters were opened for marine transportation.

A task force established by the FAA's Central Region assessed damage and coordinated recovery activities. To assist operations by general aviation aircraft whose normal bases had been flooded, FAA activated a temporary air traffic control tower in the St. Louis area. The Federal Highway Administration (FHWA) responded promptly to state requests for emergency financial assistance for restoration of highways and bridges on the Federal-aid system. Seventy-six engineers surveyed the damaged roads and bridges. Based on estimates developed in these surveys, \$103 million in emergency funds were allocated to the nine states to

repair damaged roads and bridges. To expedite trucking of relief supplies into the disaster region, FHWA relaxed hours-of-service requirements for motor carriers providing emergency relief. This was accomplished without jeopardizing highway safety.

The Department also responded to flood damage through FRA's Local Rail Freight Assistance Program. The Secretary requested and Congress approved additional appropriations of \$21 million to rebuild flood-damaged rail freight lines. To expedite applications, FRA waived many regulatory requirements and assisted states in preparing their requests. FRA approved emergency funding within 10 days of receiving complete applications.

NPR

In March 1993, the President announced plans for a 6-month review of the Federal Government to improve its quality and to cut the costs of delivering services to the American taxpayer. The report of the NPR, *Creating a Government that Works Better and Costs Less*, contained more than 200 recommendations some that apply to all Government agencies and others to specific agencies, including 23 that apply to DOT.

Several DOT employees were on Governmentwide teams and more than 100 served on departmental crosscutting and operating administration teams. Activities included a 1-day orientation program for departmental team members, a town meeting with the Vice President, and other town meetings in Chicago and Washington. Employees conducted field interviews of transportation customers and participated in focus groups and hotlines to identify programs, regulations, and processes that could be improved or eliminated.

NPR recommendations included suggestions to establish a corporation to provide air traffic control services, impose user fees for international overflights of U.S. air space, contract out Level I air traffic control towers, reduce the essential air service subsidies for small airports, permit states to use Federal aid as a capital reserve, create and evaluate telecommuting programs, rescind or reprogram unobligated earmarks for Federal Transit Administration (FTA) new start

Departmentwide Initiatives

and bus programs, eliminate or reduce funding for highway demonstration projects, and provide reemployment rights for merchant mariners.

DOT's internal crosscutting teams focused on safety, rulemaking, grants delivery, administrative services, the environment, and field organization. Operating administration teams examined technical subjects and administrative issues such as intermodal cooperation, automation, communications, organizational structures, performance management, and management practices.

Three laboratories for reinventing Government were established. The USCG Merchant Mariner Licensing and Documentation information system will make it

easier for merchant mariners to obtain licenses, while assuring the American public that the proper mariners with the correct skills are aboard U.S. vessels. FAA's program to improve the overall effectiveness of the National Airspace System (NAS) will result in fuel savings for the airline industry, increased capacity at selected airports, and reduction of passenger delays. FHWA's Electronic Signature Project will help states by speeding the authorization for and payment of Federal-aid highway projects and by eliminating extensive paperwork.

All the recommendations and laboratories reflect a commitment to cut red tape, put customers first, empower employees to achieve results, and get back to basics in serving the American public.

Safety and Security

Aviation Safety

During the winter of 1992-93, FAA conducted more than 2,800 inspections to ensure compliance with a new airline deicing regulation. No icing-related accidents occurred, and FAA later proposed another rule on deicing for commuter and air taxi operators. Two other proposed rules sought to limit the duty time of flight attendants and to prevent the pairing of pilots and copilots without extensive experience in the aircraft type they fly. To facilitate emergency evacuations, FAA amended its rules on exit row seating. FAA implemented an Aircraft Certification Systems Evaluation Program to track manufacturers' compliance with regulations, and completed action to guard against the use of suspected unapproved parts. FAA neared completion of the first phase of the Safety Performance Analysis System, which assists inspectors in targeting their surveillance, and implemented a System Indicators Program that processes data on safety and efficiency to provide a comprehensive view of the aviation system's status and future user demands. FAA continued work on the National Aviation Safety Data Center which will enhance and integrate existing safety-related data to facilitate analysis. In cooperation with industry, FAA developed a new methodology for resolving propulsion-related safety issues. FAA worked on standards to allow Boeing's twin-engine Model 777 to begin operations immediately upon certification. Safety studies included one that recommended ways to reduce runway incursions and pilot surface incidents. FAA developed a set of aviation weather requirements for coordination internally and with industry.

Aviation Security

FAA received comments on a proposed rule to require employment investigations for individuals with unescorted access to security sensitive areas of airports and distributed guidelines for improving security during airport design and construction. FAA issued final criteria for explosives detection systems and began airport demonstrations of trace explosives detection equipment for screening electrical devices.

Traffic Safety

In 1992, 39,235 persons lost their lives in traffic crashes-the first time since 1962 that the fatality total dropped below 40,000. The fatality rate was 1.8 per 100 million vehicle miles of travel, the lowest in history. Safety belt use was 62 percent nationwide. Fourteen states reached 70 percent belt use or better; Hawaii maintained a rate of 83 percent. An estimated 268 children under age 5 were saved by child safety seats. Alcohol involvement in traffic fatalities decreased 20 percent from 22,084 in 1990 to 17,699 in 1992, and the proportion of traffic fatalities involving alcohol dropped from 50 percent in 1990 to 45 percent in 1992.

Child Safety

Rules were issued requiring devices to secure wheelchairs in school buses, an increase in the number of emergency exits in school buses, and an increase in the field-of-view around school buses by using convex cross view mirrors. A proposed rule was issued requiring a warning label for rear-facing child restraint systems to alert consumers not to use them in the front seating positions of vehicles equipped with passenger-side air bags. A proposed rule was issued to allow a new type of beltpositioning booster seat.

Heavy Truck Safety

A final rule was issued that requires manufacturers to place automatic brake adjusters and indicators on all airbraked vehicles and trailers. Proposed rules were issued to require medium and heavy vehicles to have an antilock brake system to improve lateral stability and control during braking, and to improve the stopping distances of these vehicles.

Safety Defects

Manufacturers recalled 8.2 million motor vehicles in 173 recall campaigns to correct safety defects. NHTSA's investigations led to 55 recall campaigns involving 6.2 million vehicles, and 3 motor vehicle equipment recall campaigns involving 79,000 items of equipment (e.g., child safety seats).

Auto Safety Hotline

In 1993, 500,000 consumers used the Auto Safety Hotline, a toll-free service for consumers to report potential safety problems to NHTSA and receive recall and other highway safety information.

Pedestrian and Bicycle Safety

NHTSA and FHWA jointly developed a comprehensive pedestrian safety resource kit to assist safety officials with pedestrian safety programs. "Walking through the Years," a media program to improve elderly pedestrian safety, was completed and distributed nationally. The American Automobile Association adopted the program and sold more than 5,000 program packages.

Motorcycle Safety

A training program was developed to help police identify motorcycle helmets that do not meet the DOT standard.

Occupant Protection

By the end of the National "70% by '92" safety belt program in December 1992, belt use had reached 62 percent. A major multiyear campaign was launched as the Secretary's "Highway Safety Health Care Initiative." Its goals are to increase safety belt use to 75 percent and reduce alcohol-related deaths to 43 percent of total fatalities. This would reduce the deaths, injuries, and health care and other economic costs that result from motor vehicle crashes.

Emergency Medical Services

NHTSA conducted a national campaign, "Make the Right Call," to teach the public how to contact emergency medical services and what to do until help arrives. Twenty thousand campaign kits were distributed in English and Spanish.

Compliance

Eighty-six motor vehicles were tested for compliance with 262 performance requirements specified in the Federal Motor Vehicle Safety Standards. Emphasis was placed on compliance with the automatic crash protection and school bus fuel system integrity standards. Forty-four compliance investigations were initiated which influenced manufacturers to recall 13,407 vehicles and 587,552 items of equipment.

Recreational Boating Safety

The boating fatality rate reached a record low of 4 fatalities per 100,000 recreational boats. The volunteer USCG Auxiliary provides valuable safe boating education and other public services. National Safe Boating Week programs achieved record levels of participation.

Railroad Safety

FRA issued four rulemakings that impacted the safety of the railroad industry: a final rule requiring event recorders on fast trains to improve the safety of railroad operations and to enhance the quality of information available for post accident investigations; a final rule establishing, in lieu of traditional blue signal protection, alternate safety procedures for the protection of those railroad employees assigned to, and functioning as temporary members of, a train or yard crew in such work as the assembly or disassembly of trains; an interim final rule issued in response to petitions for reconsideration and revision of the locomotive engineer certification rule; and an interim regulation to identify several lighting arrangements that are acceptable for use on locomotives. The lights will help alert motorists and pedestrians to an approaching train and are intended to reduce accidents at highway-rail crossings.

Highway-Rail Grade Crossing and Trespasser Safety

FRA moved to condense a 15-part series, "On Track," on four videotapes, addressing enforcement of crossing safety, accident investigation techniques, trespassing, vandalism, and other railroad issues. A 30-second public service announcement on highway-rail grade crossing safety was produced and distributed to television stations nationally.

Pipeline Safety

RSPA began development of a risk assessment model for prioritizing its actions in managing, by rulemaking and other means, the risks to public safety and the environment posed by natural gas and hazardous liquid pipelines.

RSPA began a thorough review of the pipeline program to identify actions that would increase the protection of the public and the environment from pipeline ruptures. High priority actions identified as a result of RSPA's review include acceleration of five

regulatory initiatives, increased liquid pipeline inspections, and the formation of a coalition to develop a computerized mapping system of the nation's pipelines. In addition, RSPA is promoting increased participation by excavators and operators in state one-call notification systems which locate pipelines before excavation.

Hazardous Materials Regulations (HMR)

RSPA published an NPRM which proposed to extend the application of the HMR to all intrastate transportation of hazardous materials in commerce. They would raise the safety level of hazardous materials transportation by promoting national regulatory uniformity.

Establishment of New Hazardous Materials Safety (HMS) Regional Office

RSPA's fourth HMS regional office was established in Houston, TX, to augment industry compliance with HMR and to enable HMS inspectors to work more closely with state enforcement personnel.

Seismic Safety

DOT published a final rule implementing Executive Order 12699, Seismic Safety of Federal and Federally Assisted New Building Construction, to reduce the risk of death or injury to building occupants, improve the capabilities of essential buildings to function during or after an earthquake, and reduce earthquake losses of public buildings and investments.

Alcohol Legislation

Five states lowered their legal blood alcohol concentration limit to .08 for drivers, and 7 enacted laws setting a limit of .02 or less for drivers under age 21. Two states enacted laws requiring administrative revocation of the licenses of drivers caught driving while intoxicated.

Alcohol Safety Programs

Under a grant from NHTSA, the Washington Regional Alcohol Project began developing a model youth alcohol program to assess drinking and impaired driving problems among young people. A public/private sector program, Techniques of Effective Alcohol Management, promotes responsible alcohol service in public facilities. Instructors provided workshops and technical support in more than 5,000 facilities.

Alcohol and Drug Testing Rules

The Omnibus Transportation Employee Testing Act of 1991 requires that DOT issue alcohol and drug testing regulations covering approximately 7 million transportation employees. Comments were gathered, evaluated, and incorporated into the final rules whose issuance was pending at year's end.

Saint Lawrence Seaway Development Corporation (SLSDC)

SLSDC sponsored the largest emergency response exercise ever conducted along the St. Lawrence River.

Environmental Protection

Airport Noise Compatibility Programs

In its first annual report to Congress on transition to a private sector airline fleet of quieter Stage 3 airplanes, FAA indicated an increase to nearly 60 percent Stage 3 by the end of calendar year 1992. It approved 17 new airport noise compatibility programs and published a revised advisory circular on noise abatement takeoff procedures. FAA and the National Aeronautics and Space Administration began joint research to develop new technologies for quieter subsonic aircraft by the year 2000. The Environmental Protection Agency (EPA) approved the FAA Emissions and Dispersion Modeling System as a Preferred Guideline model. FAA issued an advisory circular to assist airports in meeting environmental requirements during aircraft deicing, and coordinated draft orders on fuel storage tanks, use of chlorofluorocarbons and halon, and "environmental due diligence audits" designed to avoid acquisition of contaminated property. The agency developed and tested procedures for environmental compliance assessments and proceeded with environmental cleanup efforts.

SLSDC

SLSDC joined with the International Joint Commission to reduce record-high water levels on Lake Ontario that threatened shoreline property.

Oil Spill Response Plans

To reduce the risk of oil pollution in environmentally sensitive areas, RSPA issued an interim final rule under the Oil Pollution Act of 1990, adopting requirements under which oil pipeline operators must prepare and submit to RSPA oil spill response plans. RSPA received, and began reviewing, more than 1,200 plans.

Trans-Alaska Pipeline

RSPA issued two corrosion reports on the Trans-Alaska Pipeline System (TAPS) with findings about corrosion protection on mainline and associated tankage, and made recommendations to the Alyeska Pipeline Service Company, which operates TAPS, for improving corrosion protection and, ultimately, environmental protection.

Civil Rights

Americans With Disabilities Act (ADA) Implementation

Phased-in implementation of ADA regulations for mass transit systems is on schedule. At year's end, roughly 50 percent of the total bus fleet, or 26,000 buses, was lift or rampequipped.

Forty-four percent of total key rail stations, or 309 key stations, on rapid, light, and commuter rail systems complied with the ADA deadline for full accessibility by July 1993.

Two hundred eighty-four key stations were granted time extensions for compliance, and 115 stations were in probable noncompliance as of the deadline.

Small and Disadvantaged Business Utilization

Minority, Women-owned, and Disadvantaged Business Enterprise (MBE/WBE/DBE) Program

The Office of Small and Disadvantaged Business Utilization (OSDBU) ensures the participation of minority, women-owned, and disadvantaged business entrepreneurs (MBEs/WBEs/DBEs) in the DOT direct procurement and Federal financial assistance activities. More than \$3.6 billion of DOT Federal funds were awarded to MBEs/WBEs/DBEs through DOT direct contracts or Federally assisted contracts of DOT-assisted state and local transportation agencies.

OSDBU continues to monitor all DOT procurement activities that involve participation of MBEs/WBEs/DBEs. MBEs/WBEs/DBEs received \$940.7 million, or 23.8 percent of total DOT direct procurement, including 8(a) awards and subcontracts with major DOT prime contractors. Small Business Administration 8(a) contractors received \$577.7 million, or 14.62 percent of the DOT direct procurements.

The DOT subcontracting program provides maximum opportunities to the small business and DBE communities that cannot act as a prime contractor on certain large contracts. The DBE communities received approximately \$166.6 million, or 55 percent of the total subcontracting opportunities of DOT major prime contractors. In addition, OSDBU has developed a "Subcontracting Directory" which assists small firms in marketing DOT prime contractors for subcontracting opportunities.

DOT DBE regulations require recipients of DOT Federal financial assistance to establish goals for the participation of minority, disadvantaged, and women entrepreneurs in their Federally-assisted contracts. Eligible firms received more than \$2.7 billion, or roughly 14.3 percent in Federally-assisted highway,

transit, air, and rail contracts from DOT-assisted state and local transportation agencies.

Recipients of FTA funds have, in the aggregate, exceeded the 10 percent goal for the utilization of DBEs. All grantees required to submit a DBE goal to FTA were awarded approximately \$2 billion in contracts. Of this amount, approximately \$394 million, or 19 percent, was awarded DBEs.

Transit vehicle manufacturers (TVMs) participating on FTA assisted contracts, in the aggregate, exceeded the 10 percent DBE goal. TVMs awarded approximately \$1.3 billion in contracts. Of this amount, approximately \$145 million, 12 percent, was awarded to DBEs.

Bonding Assistance Program

OSDBU designs and implements a variety of programs directed at stimulating, promoting, and assisting small and minority business participation in transportation-related business opportunities. During FY 1993, OSDBU initiated several Pilot Bonding Programs to enhance opportunities for MBES/WBEs/DBEs at the local level to have access to bonding assistance. Pilots have been implemented in Oakland and Los Angeles, CA; Seattle, WA; Dallas, TX; and the Washington, DC-Baltimore, MD Metropolitan Area.

Cooperative Agreements

OSDBU entered into cooperative agreements with the Hispanic Association of Colleges and Universities and the National Association for Equal Opportunity in Higher Education to help them develop programs and coordinate activities to provide liaison services to the DBE community and increase employment opportunities for minority students in the transportation-related industries.

International Activities

Cooperation with United States Trade Representative (USTR)

DOT worked closely with the USTR to ensure that governments provide transparent, predictable, and nonrestrictive rules affecting foreign service providers.

North American Free Trade Agreement (NAFTA)

After successfully leading the land transportation negotiations in NAFTA, DOT actively participated in Administration efforts to obtain Congressional ratification. DOT also continued to chair the U.S.-Mexico Transportation Working Group whose safety standards harmonization activities will be folded under NAFTA into a trilateral effort with Canada.

General Agreement on Tariffs and Trade (GATT)

The Uruguay Round of trade negotiations under the auspices of GATT continues to face difficulties due to a disagreement between the United States and the European Community over agricultural subsidies. DOT continues to support the substantive exclusion of the U.S. air and maritime sectors from the services portion of the Round as the most effective means of retaining U.S. leverage to advance market liberalization.

Commercial Space Launch Agreement

The Office of Commercial Space Transportation (OCST) was a member of the U.S. interagency negotiating team, led by the USTR, which successfully concluded the United States/Russia Commercial Space Launch Agreement allowing Russia to enter the world commercial space launch market while making the transition to a market-based economy. The Agreement was signed September 2, 1993, by the Vice President and the Russian Prime Minister, during an historic 2-day meeting of the U.S.-Russian Joint Commission on Energy and Space.

International Airliner Smoking Ban

In October 1992, the Assembly of the International Civil Aviation Organization (ICAO) passed a resolution calling on all contracting states "to take necessary measures as soon as possible to restrict smoking progressively on all international passenger flights with the objective of implementing complete smoking bans by 1 July 1996." The United States joined Australia, Canada, New Zealand, and nine other nations to cosponsor this resolution and will work for its early implementation.

Middle East Initiative

The Secretary visited Saudi Arabia, the United Arab Emirates, and Bahrain to promote the sale of U.S. airplanes, review progress on the Saudi Transport Project, and meet with the heads of state of each country-

Foreign Visitors

DOT received more than 300 foreign visitors from throughout the world for briefings on U.S. transportation policy and programs in the highway, rail, marine and maritime, aviation, traffic safety, and urban transit areas.

Serbian Sanctions

In January 1993, the Department of State (DOS) requested USCG assistance in assessing the effectiveness of Romanian and Bulgarian efforts to enforce U.N. sanction against Serbia on the Danube River. The United States purchased six patrol boats to assist Romanian and Bulgarian sanctions efforts, and the USCG provided two 4-person training teams to assist in vessel assembly and training.

Historic Ship Visits

During the summer of 1993, Coast Guard Cutter (CGC) GALLATIN made a series of port calls to locations in Estonia, Latvia, Lithuania, Poland, and Russia. This was the first visit by a U.S. warship to Latvia since the 1920s.

Haitian Exodus

USCG provided logistical support for the Governors Island Agreement, negotiated and signed at USCG Atlantic Command. Responding to the Haitian exodus, USCG worked with representatives of DOS, the Department of Defense (DOD), the Department of Justice, and the Immigration and Naturalization Service to provide operational law advice for the interdiction and repatriation of migrants, and helped develop an International Maritime Organization resolution identifying the safety concerns surrounding the migration.

International Aviation

The Department stepped up its defense and pursuit of United States international aviation interests, blending diplomacy with regulatory leverage to overcome foreign protectionism and ensure the safety of foreign airlines' services to the United States. In the 54 bilateral negotiations it held, DOT consistently sought to open U.S. airlines' access through liberalization of designations and traffic rights and resolution of doing-business issues. When foreign governments, urged by their flag carriers, persisted in trying to limit U.S. carriers' exercise of existing rights, the Department applied regulatory pressure under the International Air Transportation Fair Competitive Practices Act (IATFPCA). Favorable results were achieved in each such case concluded during FY 1993. For example, the Secretary, together with his European Commission counterpart, successfully encouraged a negotiated solution to French and Spanish carriers' discrimination against a U.S. airline computer reservation system. The regulatory process leading to sanctions was in progress when agreement was achieved. Other formal complaints resolved during the year involved U.S. carrier services to Australia, Guatemala, and Italy. (See Appendix.)

Also, Department negotiators wrote the first aviation agreement with the Russian Federation, allowing increased access by the airlines of both countries. The United States also concluded an agreement in principle with Germany that preserved the existing liberal aviation regime for passenger services (while accepting temporary limitations on growth) and adopted an immediate "open-skies" aviation regime for cargo services. The agreement also addressed several contentious short-term issues related to third-country services and code-sharing.

The economic licensing staff, in addition to its contribution to resolving complaints, considered more than 500 docketed applications by U.S. and foreign air carriers, involving services to six continents, as well as numerous undocumented requests for various other authorizations.

Continuing and expanding the DOT/FAA initiative on foreign air carrier safety, officials of both agencies met with delegations from Antigua and Barbuda, the Bahamas, the Dominican Republic, the Organization of Eastern Caribbean States, and St. Kitts on the safety oversight of the airlines for which these countries were responsible. This resulted in improved safety oversight by foreign governments of foreign air carrier operations to the United States.

FAA gained approval to post additional personnel overseas and established international area offices in Singapore and Miami, FL, to parallel the office in Brussels. FAA worked with ICAO and various national authorities to foster the Global Navigation Satellite System concept. FAA also worked with national authorities and the air transport industry to develop shorter, more cost efficient air routes, including significant new routes established across Russia and over Fiji to Australia and New Zealand. FAA conducted bilateral airworthiness assessment activities in Russia and China. Working with Europe's Joint Aviation Authority, FAA developed common regulations for repair stations and pursued other goals such as the elimination of costly and redundant certifications. Many FAA offices played critical roles in supporting and enhancing the safety of Operation Restore Hope in Somalia. FAA continued technical assistance efforts by arranging training for 312 foreign aviation officials from 61 countries at the FAA Academy or other U.S. institutions. FAA has 176 technical assistance agreements and 111 cooperative agreements with 85 nations or organizations.

Airline Alliances

The larger U.S. airlines sought to expand their operations and market shares with particular emphasis on increasing international service. Several airlines have formed, or are considering the formation of, marketing alliances, code-sharing agreements, and other cooperative operating relationships with foreign air carriers to improve their prospects for longterm survival in the approaching era of "megacarriers." These trends continue to signal a definitive movement toward globalization of the U.S. airline industry.

Ownership and Control

DOT decided two airline ownership and control issues. First, British Airways (BA) proposed to acquire a 49 percent equity stake in USAir for \$750 million. BA and USAir later modified their agreement, reducing BA's investment to roughly \$400 million for almost 20 percent of USAir's voting equity interest. In March 1993, DOT granted temporary operating authority for 1 year, enabling USAir and BA to implement a code-sharing agreement, pending bilateral negotiations with the British government toward a more liberal bilateral aviation agreement.

Second, Northwest and KLM sought approval and antitrust immunity for a proposed commercial cooperation and integration agreement. The agreement contemplates that the two will develop a common brand/service mark and join marketing, sales, pricing, inventory management, schedule planning, advertising, and commissions programs. DOT approved the agreement, to be reviewed after 5 years.

Heathrow Airport Arbitration

After 15 years of dispute, the United States and the United Kingdom requested an international tribunal to determine if charges imposed on U.S. airlines to use Heathrow Airport were excessive and discriminatory, in violation of the nations' bilateral treaty. The tribunal issued an award determining that the United Kingdom had breached its treaty obligations in several respects.

Route Cases

DOT decided two major route cases. First, the **U.S.-China All Cargo Service Case** was instituted to select one carrier to provide scheduled all cargo services between the United States and China. Evergreen International Airlines was selected. Second, in the **U.S.-Colombia Combination Service Case**, DOT selected Continental Airlines for primary authority to serve the Houston-Colombia market and United Airlines for backup authority to serve the Miami-Bogota market.

International Technology Scanning Review

FHWA worked with the American Association of State Highway and Transportation Officials, the Transportation Research Board (TRB), universities,

and the private sector in an International Technology Scanning Review. This informed the domestic highway community of technological developments abroad. Reviews were undertaken of quality enhancement contract administration, intermodal planning, and pedestrian, bicycle, and general safety issues.

Aid to Russia

FHWA provided technical assistance to Russia in support of the World Bank loan of \$340 million for road rehabilitation and maintenance.

International Maritime Activities

MARAD continued efforts to obtain equitable treatment for U.S.-flag carriers' participation in world trade. The agency conducted discussions with Brazil, the People's Republic of China (PRC), Ukraine, and Venezuela and took part in several multilateral conferences.

International Marketing

SLSDC continued its intensive marketing efforts through two trade missions—to the Pacific Rim nations of Australia, Japan, Korea, Thailand, and Hong Kong, and to Russia.

The Pacific Rim mission was SLSDC's first there. The 12-member U.S.-Canadian delegation visited Sydney, Australia; Tokyo, Japan; Seoul, South Korea; Bangkok, Thailand; and Hong Kong. This region has an annual market potential of about 8 million metric tons of cargo for the Great Lakes.

SLSDC's trade mission to Russia involved stops in Kaliningrad and St. Petersburg. Russia represents a potential grain market of 4.5 million tons for Great Lakes/Seaway ports. Kaliningrad is the home port of the Baltic Shipping Co., which has provided a regular liner service between the Great Lakes and Russia since 1991. A total of 14 U.S. and Canadian maritime and business executives were part of the delegation.

Launch Pricing

OCST completed analysis of launch-pricing conduct by the PRC for compliance with the provisions outlined in the Memorandum of Agreement between the United States of America and the PRC about international trade in commercial launch services.

International Activities

International Science and Technology (S&T)

DOT expanded its international S&T program by increasing cooperative and technical assistance activities in eastern and western Europe, as well as the

Commonwealth of Independent States. Projects include bilateral S&T activities funded by DOT operating administrations, and activities implemented by DOT but funded through outside sources such as DOS, the Trade and Development Agency, and the World Bank.

Program Development

Aviation

Air Carrier Fitness

Applications for new and increased authority to conduct air carrier operations continued to increase sharply. Analysis has been completed and decisions issued on 40 applications, and an additional 34 remained pending at the end of the year. About 75 percent of the applications were approved. The Department also monitors the continuing fitness of air carriers that already hold authority.

Airspace Management and System Capacity

FAA's Airport Capacity Design Program identifies and assesses various corrective actions to increase the capacity and efficiency of airports under study. Thirty-four of the top 50 airports nationwide have been studied and improvements recommended for savings in costs and delays. Recognizing that changes in operating methods are the most inexpensive method of improving system capacity, FAA established procedures to permit dependent converging instrument approaches and allow improved simultaneous approaches and dependent parallel approaches. FAA also issued design standards for spacing triple and quadruple parallel runways to accommodate independent instrument operations. These and other applications of existing and emerging technologies will result in more efficient use of fuel, aircraft, and airport/airline personnel. FAA began moving its Air Traffic Control Command Center from headquarters to a leased facility at Herndon, VA, where functions related to national air traffic flow control will be grouped.

Capital Investment Plan (CIP)

By year's end, FAA had completed or begun field implementation of more than 95 percent of the original projects of the former NAS Plan, while progress continued under the new CIP. FAA completed the commissioning of the Peripheral Adapter Module Replacement Item (PAMRI) at all 20 designated en route centers. PAMRI, the initial segment of the

Advance Automation System, permits the centers to receive data from more radars and at a faster rate. Actions to improve air traffic controllers' communications included acceptance of a full-scale Voice Switching and Control System for operational tests and evaluation. FAA accepted delivery of site-specific upgraded software for the ARTS IIA Automated Radar Terminal System at 70 of 130 planned sites, received additional systems and equipment under the Interim Support Plan, and took steps to further enhance the system's capabilities. FAA upgraded and commissioned the prototype of the Precision Runway Monitor System, an electronically scanned high-update radar system to reduce delays and fuel costs. FAA installed the first ARSR-4 Air Route Surveillance Radar, commissioned six Mode S ground interrogator systems and additional ASR-9 airport surveillance radars, and accepted delivery of three more new Airport Surface Detection Equipment Systems. While delivery of Next Generation Weather Radars proceeded under a joint project, FAA accepted delivery of four Terminal Doppler Weather Radar Systems, and continued to install Automated Weather Observing Systems and Federally-sponsored Automated Surface Observing Systems.

FAA awarded contracts for projects that included acquisition of transmitters and receivers to expand / relocate remote communications facilities, power conditioning and battery backup systems for automated flight service stations, and current-technology aircraft for flight inspection duty. Other contracts included replacement of air traffic control tower communications systems and obsolescent long range radar radomes, as well as the first phase of a project to establish the Alaskan NAS Interfacility Communications System satellite network. Initial operational readiness demonstrations marked progress in projects that included television microwave links providing satellite towers with Digital Bright Radar Indicator Tower Equipment information. FAA finished the first phase of an enhancement of its computer model for spare parts planning and deployed a new-design medium intensity approach lighting system using remote maintenance monitoring. Completion of the Radar Microwave Link replacement and expansion project provided a modem integrated backbone transmission system for voice and data. FAA also estab-

lished the basic network infrastructure for the new Leased Interfacility NAS Communications System to improve communications for en route traffic control. At Dallas/Ft. Worth, TX, airport, FAA completed building the new east and west air traffic control towers and began construction for expansion of the Terminal Radar Approach Control (TRACON) facility. FAA completed engineering for facilities at the new Denver airport, finished construction of the new consolidated TRACON for southern California, and began building a similar facility for Chicago, IL. Actions to advance civilian use of the Global Positioning System (GPS) included release of a Technical Standard Order on airborne supplemental navigation equipment using the system.

Highways

Interstate System

As of September 30, 1993, the total interstate system mileage open to traffic was 42,696 miles, 99.8 percent of the designated system. Of the remaining 100 miles, 93 were under construction. A new sign to honor the naming of the interstate system for former President Eisenhower was developed. Congress dedicated the sign on July 29, 1993.

National Highway System (NHS)

FHWA has been very active in developing the proposed NHS. In addition to its efforts to complete a national functional reclassification of highways, FHWA has worked with all the states to submit proposed routes for inclusion on the NHS. These routes were evaluated through established criteria, and a system was developed which encompassed mileage equity, national defense needs, connectivity between states and between rural and urban areas, trade corridors, and intermodal connections.

Congestion Pricing Pilot Program (CPPP)

FHWA has undertaken a number of activities designed to solicit participation in the CPPP, which aims to analyze the effectiveness of utilizing variable roadway use charges to affect public travel behavior for a variety of environmental or traffic objectives. A cooperative agreement was developed to support the first pilot project, a proposal to replace fixed tolls on the San

Francisco-Oakland Bay Bridge with time-sensitive variable tolls.

Federal Lands

In cooperation with the Bureau of Indian Affairs, FHWA sponsored six tribal leader conferences and participated in a TRB tribal leader conference, providing information to tribal leaders on the Indian reservation roads and other programs.

Intelligent Vehicle Highway System (IVHS) Program

FHWA completed its IVHS Strategic Plan in December 1992. Four contracts totaling more than \$10 million were executed to define and evaluate IVHS architecture alternatives. In addition, 15 research contracts totaling more than \$14 million were awarded to explore issues related to the design, development, and implementation of Automated Highway Systems. Many leading U.S. advanced technology firms are participating in this program. FHWA also awarded 15 Early Deployment IVHS Planning Grants totaling about \$7 million. These grants will facilitate inter-modal planning in areas preparing for near term deployment of IVHS services. IVHS Research Centers of Excellence were established at the University of Michigan, Texas A&M University, and Virginia Polytechnic University. One million Federal dollars can be invested annually in each of these centers for up to 5 years.

Local Technical Assistance Program (LTAP)

Under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), LTAP expanded to provide increased technical assistance and the transfer of highway technology to urban areas in states with two or more urbanized areas with populations of 50,000 to 1 million. Also, five new Technology Transfer (T₂) Centers were added to the LTAP network, one in Minnesota and four to serve American Indian tribal governments.

Strategic Highway Research Program (SHRP)

FHWA established 10 packages to present the highway community SHRP technologies, such as high-performance concrete, methodology for the protection

and rehabilitation of existing structures, worker safety, pavement maintenance, and snow and ice control.

Bridge Management

FHWA developed its bridge management software, **PONTIS**, in cooperation with the California Department of Transportation and a task force of state highway bridge engineers, and made it available to all states. Under LTAP, a videotape on PONTIS was translated into Spanish and distributed to the Pan American Institute of Highways, LTAP T₂ Centers, and FHWA regions and divisions in the United States serving Hispanic communities.

Traffic Control and Management

FHWA's traffic control and management technology applications activities included the demonstration of a variety of technologies such as Geographical Information System software and videologging traffic images onto laser discs. Other demonstrations include techniques for relieving traffic congestion through incident management and a mobile unit with electronic traffic control equipment and software to be used at intersections, promoting reliable and powerful traffic control systems to reduce urban congestion.

Motor Carrier Activities

The number of fatal accidents for medium and heavy trucks continued to decline since 1988 and is now 3,800. The fatal accident rate for medium and heavy trucks has declined since 1979 and is now at 2.5 per 100 million miles of travel.

The Motor Carrier Safety Assistance Program provided \$65 million to the states for commercial motor vehicle safety activities.

The program supported more than 2,800 state personnel who performed 1.6 million roadside commercial motor vehicle inspections.

During June 8- 10, 1993, more than 56,000 inspections were conducted at more than 250 locations under National Roadcheck '93. The inspections resulted in placing 21 percent of the vehicles and 4 percent of the drivers out-of-service due to imminently hazardous conditions. More than 111,000 safety violations were detected.

FHWA and the states conduct reviews to determine how carriers are complying with Federal regulations.

More than 20,000 carrier reviews were conducted. More than 2,000 new hazardous material shippers were identified and 400 hazardous material cargo tank manufacturers were reviewed. A total of 2,300 enforcement cases were prosecuted, and \$10.2 million in penalties were assessed.

Corporate Average Fuel Economy (CAFE) Standards

Civil penalties collected from manufacturers for non-compliance with CAFE standards totaled \$29,909,475.

Longer Combination Vehicles (LCV)

Driver and vehicle characteristics of LCV operations are being tested to determine if modifications are necessary to DOT's commercial vehicle safety standards.

National Driver Register (NDR)

All 50 states and the District of Columbia were awarded grants to assist in changing the computerized Problem Driver Pointer System (PDPS), which enabled states to conduct an immediate check on problem drivers, and some states began testing their system. The NDR submitted a report to Congress recommending that timesharing and user help services be operated by the American Association of Motor Vehicle Administrators after the PDPS is fully implemented in 1995. The NDR processed 25,283,436 file checks in 1992, resulting in 1,010,262 probable identifications of problem drivers. These included 408,868 checks from FAA for pilots and 12,037 from FRA for railroad operators.

National Traffic Law Center (NTLC)

NHTSA established the NTLC to improve the quality of justice in traffic safety issues by providing information and training.

National Maximum Speed Limit Rulemaking

A proposed rule was issued that would require a new state speed limit compliance formula, a new speed monitoring plan, and a penalty for noncompliance.

Maritime

USCG Ice Operations

CGC POLAR STAR reached the northernmost point ever attained by a U.S. vessel in the Western Arctic, successfully completed the second phase of an extensive National Science Foundation research project off the northeast coast of Greenland, and completed Deep Freeze 93 in the Antarctic. In domestic ice operations, 8 fishing vessels and 79 commercial vessels carrying more than \$25.5 million worth of cargo, and 1 fishing vessel and 146 commercial vessels, carrying 773,000 tons of cargo worth more than \$74 million, were assisted.

Aids to Navigation

USCG operated and supported 28 LoranC stations in the continental United States and Canada for civil use and 9 overseas stations for DOD. The Northwest Pacific chain was entrusted to Japan on October 1, 1993. Station Barrigada, Guam was closed. Japan continues to operate the chain. Station Kargaburun, Turkey was entrusted to Turkey on September 1, 1993. USCG expanded its Differential GPS experimental service to eight stations covering the Western Gulf of Mexico and most of the northeast coast.

Search and Rescue

Daily operations are coordinated by 2 area and 10 district operations centers overseeing 44 group offices; 159 small boat stations conduct operations in coastal waters. USCG responded to 52,645 calls for assistance, saved 5,547 lives, assisted an additional 120,550 people, and saved or assisted in saving property worth more than \$2.6 billion. Of the calls for assistance, 9,848 were rated distress and 42,797 nondistress. USCG Auxiliary was involved in 6,498 cases while commercial providers were involved in 4,254.

MARAD Promotional Programs

An extensive review of Federal maritime promotional programs was initiated early in 1993. The Secretary met with representatives of all sectors of the U.S. maritime industry-carriers, shippers, maritime labor, and shipbuilders-to discuss their concerns and exchange ideas on maritime policy. Subsequently, a set of mar-

itime policy alternatives was presented to the National Economic Council (NEC). The NEC independently reviewed several proposals specifically aimed at assisting U.S. shipyards to compete effectively in the international market.

A new shipbuilding program proposal was outlined in the report, *Strengthening America's Shipyards: A Plan for Competing in the International Market*. It featured a series of innovative measures involving loan guarantees for construction of ships for export, increased emphasis on research for more effective employment of shipbuilding capacity, transfer of shipyard skills from a military to a commercial market, elimination of unnecessary regulations that inhibit cost competitive ship construction and operation, and continued Government efforts to eliminate foreign government subsidies to their shipbuilding industries.

Federal Interagency Working Group on the Dredging Process

The Government and owners of deep-draft marine terminal facilities continue to face difficulties in obtaining approval of essential harbor and berthing area dredging in a timely and cost-effective way consistent with current environmental quality controls. At the Secretary's direction, MARAD established a Federal Interagency Working Group on the Dredging Process, composed of MARAD, EPA, the U.S. Army/Corps of Engineers, the Department of Commerce's National Marine Fisheries Service and Office of Ocean and Coastal Resource Management, and the Department of the Interior's Fish and Wildlife Service. Representatives from the White House Office of Environmental Policy and the USCG Office of Navigation Safety are liaison to the group.

The group began reviewing the current process for authorizing dredging, designating dredged material disposal sites, and determining appropriate mitigation measures. It is not intended to interfere with individual agency missions and legal mandates, but rather to take a fresh look in a coordinated approach at dredging issues and consider innovative changes.

Shipbuilding and Conversion

Commercial shipyards continued to be awarded all of the U.S. Navy's new construction contracts. Nine new vessels of 1,000 light displacement tons and larger were ordered, and 14 new Navy vessels were delivered by privately-owned U.S. shipyards during this

reporting period. The workload in U.S. shipyards continued to be dominated by Navy ship construction projects.

Currently, there is one commercial oceangoing vessel larger than 1,000 gross tons on order in the United States. This order was placed with McDermott International of Morgan City, LA. The vessel is a 160 meter, 16,617 gross tons (24,000 deadweight tons) sulphur carrier to be operated in the U.S. domestic trade.

SLSDC

In April, together with the Seaway Authority of Canada, SLSDC agreed to reduce the toll on coal from \$1.10 to \$0.65 per ton to stimulate increased coal traffic. The lower rate induced the U.S. coal producer American Metals & Coal International to award a contract to ship Pennsylvania coal via the St. Lawrence Seaway to the New Brunswick (Canada) Power Corporation's Belledune power plant. In July, SLSDC made minor modifications to bumper guards at the Eisenhower Lock to accommodate the passage of the first U.S.-flag vessels through the lock in 4 years. SLSDC also appealed to the Joint Hull Committee's Institute Warranties Subcommittee in London to lower Seaway vessel insurance premiums by 66 percent during the final month of the navigation season. The appeal was based on data that showed navigation risks were no greater during the last month of the Seaway shipping season than during the rest of the season. Finally, the Corporation established an annual recognition program called "The Seaway Port Pacesetter Award" to spotlight U.S. Great Lakes ports that registered increased international cargo traffic.

Federal Radionavigation Plan

RSPA Headquarters and the Volpe Center worked with many DOT organizations to develop the 1992 *Federal Radionavigation Plan*. The Volpe Center also developed a GPS-based buoy positioning system, worked on implementation of a GPS-based vessel tracking system, performed a statistical analysis for GPS-based navigation system performance, and evaluated GPS use in urban areas, primarily for bus tracking.

Railroads

National Inspection Plan (NIP)

FRA continued use of the NIP, based on careful analysis of train mile, traffic volumes (especially passengers and hazardous materials), accident and injury data, and inspection results of railroad operations. By using NIP, FRA allocates inspection time to railroad operations based on the safety risk they pose. NIP also assists in prioritizing FRA field inspectors' assignments.

Transit

ISTEA Implementation

FTA published the following rules to implement specific sections of ISTEA and to help make public transit safer and more effective:

The Charter Services Demonstration Program to permit public transit systems to provide charter services to civic, charitable organizations. This will allow more effective use of Federally-supported transit assets.

Temporary Matching Waivers to permit FTA to waive local share requirements for formula grants in certain instances. This will allow grants to proceed under special circumstances when local matching funds are unavailable.

Recommended Fire Safety Practices to assess the fire retardant capabilities of materials used in transit buses and vans.

State Rail Transit Safety Oversight, a notice of proposed rulemaking, to implement ISTEA requirement that states be responsible for overseeing the safety of rail systems within them.

Metropolitan Planning and Statewide Planning Regulations, in cooperation with FHWA, to establish new transportation planning processes for metropolitan planning organizations and statewide planning agencies, and mandate significantly increased public participation in these processes. These will foster more responsive and effective transportation planning at the state and local level.

FTA Transit Services

The Office of Inspector General (OIG) calculated that future costs of almost \$140 million could be avoided at two transit authorities if both extended the overhaul and replacement cycle to actual usage envisioned for costly rail cars. FTA agreed to deny or delay future acquisition assistance for the two authorities until a reasonable spare ration is achieved and to extend the service life of existing rail cars.

Space

Commercial Launches

OCST issued two new licenses and two operator license renewals, conducted five maximum probable loss determinations for establishing financial responsibility requirements, and participated in four failure investigations.

OCST began discussions with industry representatives on single-stage-rocket-technology vehicles, the first of which is a scale model, the DC-X, developed by McDonnell Douglas. The DC-X's successor is to be a reusable one-stage launch system capable of placing people and payloads in orbit and returning them to Earth.

Rockets for Schools

OCST joined the Aerospace States Association and Spaceport Florida Authority in the first "Rockets for Schools" program. The program aims to increase participation by women and minority students in science and math courses. High school students travelled to Florida to learn of careers in the commercial space industry while participating in a variety of space-related activities.

Research and Development

University Research Institutes

The Office of University Research and Education established six new University Research Institutes. This program represents a national investment to advance U.S. technology and expertise in surface transportation policy, infrastructure technology, IVHS technology, and urban transit systems. Like the 13 RSPA-managed University Transportation Centers, the Institutes conduct programs of research, technology transfer, and education.

DOT Surface Transportation R&D Plan

The Office of Research Policy and Technology Transfer and the Volpe Center delivered to the Congress the first DOT Surface Transportation R&D Plan. This plan focused on surface transportation systems needed for urban, suburban, and rural areas in the next decade.

USCG

A highly sophisticated system for detecting and classifying contraband, especially drugs, using a combination of methods including gas chromatography has been developed. A prototype has proved effective in several court cases. Search guidance for night vision goggles and the AN/APS137 airborne radar has been developed and provided to USCG search planners. The satellite-tracked self-locating datum marker buoy proof-of-concept testing has continued in the Pacific and been expanded to the Atlantic.

FAA

FAA opened a security laboratory at its Technical Center in Atlantic City, NJ, and continued R&D in

such areas as detection of explosives and weapons, human factors, and the hardening of aircraft and containers.

FHWA

FHWA continued research activity in IVHS, particularly automated highway systems, where considerable efforts were directed at developing systems for future use. In addition, FHWA and its partners worked closely to develop new high strength concrete, improved paving materials, and other new composite material technologies for use in bridges and road surfaces to reduce maintenance and enhance safety. Finally, FHWA issued a new manual on the seismic retrofit of bridges to aid states which are subject to earthquakes.

FRA

FRA completed numerous studies and proceeded on several projects, including: completion of the X2000 U.S. demonstration vehicle dynamics trials and a preliminary test report, completion of the safety evaluation of the German Intercity Express passenger train in the Northeast Corridor, and the final report on the National Maglev Initiative. The study recommended initiating a U.S. designed maglev prototype development program.

FTA

Under FTA's University Research and Training Program, the University of Kentucky conducted a research project to examine the travel behavior and transportation needs of the elderly in rural areas.

Administration

Human Resources Management

Civilian Workforce

DOT began FY 1993 with a permanent, full-time, and part-time civilian workforce of 68,574 employees and ended the fiscal year with 68,055—a decrease of 519. The number of women employees rose by 214 from 18,076 to 18,290, raising the level of female employment in DOT to 26.9 percent. Minority employment increased by 164 persons—from 18.7 percent to 19.1 percent.

Quality of Work Life

The Secretary made a commitment to establish a work environment allowing all employees to reach their full potential. In support of this, several initiatives will eliminate barriers and enhance diversity. Consistent with DOT's commitment to attract and retain employees of the highest quality, an exit interview was established to identify the primary reasons people leave. The survey findings will allow DOT to develop policies, programs, and procedures aimed at making it more productive, effective, and aware of employee needs.

The Experiential Workshop on Disability Awareness, attended by around 200 DOT employees during the fiscal year, was developed to heighten the awareness and increase the sensitivity of all employees to the needs and issues of individuals with disabilities.

DOT's child care centers continue to be a model for other agencies. There are 18 on-site or near-site child care centers, including 3 additions—at USCG Academy, New London, CT; FAA Southern Region, Atlanta, GA; and Jacksonville Air Traffic Control Center, Jacksonville, FL.

FAA

FAA reorganized its technical training program to stress customer service and accountability at the operational level, implemented a career development/

selection system to ensure a highly qualified and culturally diverse management cadre, and initiated a multifaceted approach to promoting diversity in all occupations and grades.

Financial Management

Commercial Credit Card Program

DOT completed implementation of the Governmentwide Commercial Credit Card program and used charge cards to make approximately 256,000 purchases totaling more than \$67 million. The use of credit cards has streamlined the procurement and billing process for both departmental officials and vendors.

Chief Financial Officers (CFO) Act

Under the CFO Act, departmental financial statements for trust, revolving, and commercial accounts were prepared and submitted to the Office of Management and Budget (OMB) for the first time. Financial statements for 3 of the 29 accounts were audited.

Federal Managers' Financial Integrity Act (FMFIA)

DOT was instrumental in revising the FMFIA reporting format Governmentwide to streamline the budget preparation process. OMB endorsed the DOT revised format and is now using it as the basis for its own model.

Departmental Accounting and Financial Information System (DAFIS)

Implementation of DAFIS enables DOT to support all modes in a major effort to improve accounting, budgeting, and financial information, and is expected to effect significant improvement in the timing and accuracy of agency and DOT reports. During the 5-year DAFIS implementation period, DOT consolidated or closed 21 accounting offices and eliminated 21 core accounting and subsidiary financial systems.

DOT began a dynamic enhancement/maintenance phase to ensure that DAFIS meet future needs and user requirements.

Systems Development

Intermodal Data Network

DOT completed the installation of the Intermodal Data Network in Headquarters. This will provide expanded electronic data transfer capability, electronic mail, and access to wide area networks such as FTS 2000, the GSA long distance phone system, and Internet, a private network connecting universities, research organizations, and public and private organizations.

Automated Track Inspection System (ATIS)

FRA awarded contracts for the continuation of ATIS, the upgrade of the FRA local area network, and the acquisition of equipment for automation of FRA field activities.

Geographic Information System (GIS)

FRA developed GIS for the national railroad network. The railroad GIS will constitute an accurate computerized representation of all rail lines and will include pertinent information such as ownership, trackage rights, and traffic volumes. Potential uses of the railroad GIS include traffic analysis and simulations, intermodal analysis, routing of hazardous materials, designation of defense essential lines, land use, port access planning and analysis, emergency response preparation, planning of commuter and high speed rail

services, rail safety assessments, and grade crossing elimination analysis.

GIS has been used to designate the railroad components that will be in the NHS and NTS. These include principal rail lines, Amtrak stations, and intermodal truck to/from rail transfer facilities.

Airline Carriers' Automated Financial Data

RSPA's Office of Airline Statistics began automating financial data provided by 70 U.S. airline carriers. DOT uses these data to monitor carriers' financial health. Automation reduced industry reporting burden, decreased RSPA data processing time, and increased the timeliness and accuracy of the reported financial data.

Computerized Telecommunications Data Center

In accordance with the Hazardous Materials Transportation Uniform Safety Act of 1990, RSPA contracted with the National Academy of Sciences (Academy) to study the feasibility and necessity of establishing and operating a central reporting system and computerized telecommunications data center. The center would receive, store, and retrieve data on all daily shipments of hazardous materials, by all modes, to improve information for emergency responders at the site of an incident. The Academy transmitted its report to Congress and to the Secretary in 1993.

Computer Systems Nucleus Program

The Computer Resources Nucleus program began providing single-source computing services to FAA operational organizations.

Grants

Historically Black Colleges and Universities (HBCUs)

OSDBU administers the Liaison Outreach and Services Program and the HBCU Student Training and Education Program. OSDBU awarded grants totalling \$80,000 to Alabama A&M University, Dillard University, Elizabeth City State University, Grambling State University, Hampton University, Jackson State University, Langston University, Morgan State University, Morris-Brown College, and North Carolina A&T State University.

FAA awarded about \$3 million in educational and research grants to HBCUs; FHWA awarded 54 Eisenhower HBCU Fellowship Program scholarships, totaling \$640,531. FHWA also awarded HBCUs grants and contracts totaling \$2.6 million in Fiscal Years 1992 and 1993, including establishment of an Entrepreneurial Development Institute at Kentucky State University, award of a new Highway Safety Research Grant to Tennessee State University, and establishment of a Center for Excellence at Morgan State University.

Airport Improvement Program Grants

FAA issued 1,434 Airport Improvement Program grants, with obligations totaling \$1.8 billion for new awards and increases to existing grants. Among the grants were \$246 million for noise abatement projects, and \$45 million to 11 of the 12 airports named under the Military Airport Program. Major airport capacity projects began or continued at Denver, CO; Detroit, MI; Orlando, FL; Dallas/Fort Worth, TX; and Cincinnati, OH. The number of states taking part in the state Block Grant Program expanded from three to seven, and all received awards under the program. FAA approved applications for 144 airports to collect passenger facility charges in excess of \$8.2 billion for airport projects.

Highway Grants

FHWA distributed approximately \$20 billion in grants-in-aid programs to the states. About 90 percent

of that amount went to all the states and the District of Columbia on the basis of formulas set in law. Another 5 percent went to the states on the basis of need. The last 5 percent was distributed to certain states by congressional designation.

Transit Grants Obligations

FTA improved its grant obligation performance, compared with the previous fiscal year. Of an available \$5.775 billion in formula and discretionary funds, FTA obligated \$4.395 billion, or 76 percent. This was a significant increase over the FY 1992 level of 69 percent. One notable area of improvement was New Starts obligations which increased from 33 percent in FY 1992 (\$314.7 million) to 59 percent in FY 1993 (\$786.6 million). These figures include flexible funds transfers from highway projects to transit projects made possible by ISTEA. Obligations climbed to \$428.6 million obligated of \$469 million available.

Rural Transit Assistance Program (RTAP)

The Rural Transit Assistance Program (RTAP), in its sixth year, obligated \$4.7 million. The program provides funding for training, technical assistance and research, and related support activities in rural areas. The RTAP National Program supports, among other projects, a National RTAP Resource Center, an Electronic Bulletin Board, regional outreach initiatives, and the development of training modules for use by rural transit operators. The National RTAP produces a wide range of initiatives for the elderly and persons with disabilities living in rural areas.

Safety Belt and Motorcycle Helmet Use Incentives Grant Programs

Nineteen states, the District of Columbia, and Puerto Rico received grants totaling \$12 million to encourage motorcycle helmet use. A final rule was published to announce that states that did not have safety belt and motorcycle helmet use laws in effect by October 1, 1993, will have certain Federal-aid highway funds transferred to their safety program beginning in FY 1995.

Under grants provided by NHTSA, seven states began linking crash data and data from statewide emergency medical services, hospital emergency department and discharge summaries, and rehabilitative care databases in order to assess the benefits of safety belt and motorcycle helmet use.

HMS Emergency Preparedness Grant Program

The first year of RSPA'S HMS Emergency Preparedness Grant program was extremely success-

ful. RSPA disbursed 58 grants totaling \$8.4 million to 47 states, 3 territories, and 7 Indian tribes. These grants supplement state expenditures for response to hazardous materials incidents.

RSPA implemented a national shipper/carrier registration and fee collection program to fund the Emergency Preparedness Grant program. As of October 18, 1993, a total of \$15.5 million (\$12.9 million for grants and \$2.6 million in processing fees) was collected for the 1992-93 and the 1993-94 registration years.

Investigations

OIG

OIG issued or processed 2,456 audit reports, recommending savings of \$818 million, including \$489 million of funds to be put to better use, \$127 million of unsupported costs, and \$202 million of questioned costs. OIG also made 1,515 policy and procedural recommendations on improving the Department's operations. Audits identified programs and operations that worked well. Based on audit reports issued during this and prior periods, Department managers made decisions to recover questioned costs totaling \$109.7 million and to more effectively use resources valued at \$460.6 million, for projected savings of \$570.3 million.

OIG's recently-established Inspections and Evaluations Office completed 5 responses to requests from secretarial offices, 11 congressional requests, and 5 hotline cases.

OIG opened 216 reactive investigative cases and closed 274. Judicial dispositions included 149 indictments, 95 convictions, 132 years of jail sentences, and nearly 194 years of probation. Administrative actions included debarments and suspensions of 24 companies or individuals and 131 actions leading to other administrative actions such as resignations, reprimands, recoveries, and terminations. These efforts resulted in an added \$26 million in fines, court-ordered restitution, civil judgments, recoveries and cost avoidances.

Motor Fuel Excise Tax (MFET) Compliance Project

Since the start of the Joint Federal/State Motor-Fuel Tax Compliance Project, FHWA obligated \$12.2 million to support state and Internal Revenue Service (IRS) efforts to fight fuel tax evasion. More than 75 individuals were indicted for fuel tax fraud with estimated tax losses of more than \$200 million. Initial reports show additional fuel tax assessments averaged about \$12 for each dollar spent by the states and about \$40 for each dollar spent by the IRS.

FHWA officials estimate that MFET evasion annual losses amount to \$1.3 billion, of which \$1.1 billion should be going to the Highway Trust Fund. They

estimate the aggregate amount of evasion occurring to the states, which use such taxes for local transportation programs, to be \$1.4 billion.

Since combined Federal and state fuel taxes range from 25 to 45 percent of the price of fuel, potential profits from tax evasion are enormous. Various evasion schemes have been found throughout the distribution process, from the traders in bulk to the wholesalers and retailers. Due to the large dollar amounts involved, organized crime has infiltrated this industry. Daisy chains among bulk traders, bootlegging across state borders, misrepresentation of diesel fuel as home heating oil, and false refund claims are just some of the schemes that have been uncovered. Gasohol blenders are another source of potential evasion because gasoline purchased for blending with alcohol is taxed at a lower rate than gasoline designated for retail.

OIG joined FHWA, the Federal Bureau of Investigation (FBI), the IRS, and 46 state governments in the Joint Federal/State Motor Fuel Tax Compliance Project to increase motor fuel tax revenues by aggressively investigating and prosecuting fuel tax evaders through formal task force operations nationwide. OIG participated in four task forces. Millions of dollars were seized, scores of indictments returned, and ongoing efforts should result in even better results. OIG MFET investigations resulted in 60 indictments.

Suspected Unapproved Parts (SUP)

During the past several years, OIG has emphasized investigation of SUP. Unapproved parts range from aerospace fasteners and fittings to major components and sub-assemblies such as constant speed drives, generators, brakes, and starters. Such issues directly relate to the OIG's oversight responsibility and are of primary concern. OIG's investigative initiatives in this area produced significant results. In the past 5 years, judicial actions for aviation SUP investigations have resulted in 51 indictments, 37 convictions, and fines, restitutions, and Federal recoveries totaling \$20,300,000. In FY 1993, 17 indictments, 9 convictions, and \$1,320,100 in fines, restitutions, and Federal recoveries resulted from aviation SUP investigations conducted by the OIG.

Despite OIG accomplishments, resolution of SUP problems continues to be a priority concern. In addition to 144 ongoing reactive SUP investigations, the OIG has 15 proactive SUP investigations underway. Several are joint operations with the FBI and the Defense Criminal Investigative Service to identify and take appropriate action against parts distributors and aircraft repair stations engaged in this criminal activity.

Odometer Fraud

Fourteen odometer fraud investigations were completed and five criminal convictions were obtained. Fines totaled \$64,000 and prison terms ranged from 12 to 40 months.

Litigation

Sale v Haitian Centers Council, Inc.

The Supreme Court upheld the legality of an Executive Order directing the USCG to return Haitians interdicted on the high seas directly to Haiti for processing without first determining whether they have legitimate claims for asylum. In reversing the U.S. Court of Appeals, the Court held that the relevant provisions of the Immigration and Nationality Act and Article 33 of the U.N. Convention Relating to the Status of Refugees were applicable only within the United States, not on the high seas.

USCG was active in supporting and coordinating the Administration's position, in particular, preparing and presenting the U.S.' case in the trial in Federal court in New York, in which the Haitian Centers Council

sought access to screened in Haitians and removal of Haitians from Guantanamo Bay, Cuba.

CSX Transportation, Inc. v Easterwood

The Court found that FRA and FHWA regulations do not automatically preempt a state court civil action alleging a rail-crossing death was caused by a railroad's failure to maintain a safe crossing. However, the Court held that state law requiring railroads to provide safe crossings would be preempted if the crossing had been improved with Federal funds, which was not the case in *Easterwood*. The Court also held that state actions based on allegations of unsafe train speeds are preempted by DOT's regulations setting maximum safe train speeds.

Enforcement

Aviation Consumer Protection Enforcement

DOT issued 12 cease and desist orders against U.S. and foreign air carriers and tour operators, assessing civil penalties of more than \$5 17,000 in cases involving prohibited consumer practices, primarily deceptive advertising, in the air travel industry. Delta, Northwest, USAir, Icelandair, and Quantas were subject to enforcement actions for failing to state in fare advertisements the full price to be paid by the passenger, making an insufficient number of seats available at the advertised fare, failing to disclose extended blackout periods in print advertisements, or making inaccurate claims regarding on-time performance comparisons with other carriers.

Consumer protection enforcement orders assessing civil penalties of \$230,000 were issued against Trans World Airlines (TWA) and Mexicana Airlines for violating DOT's code-sharing disclosure and denied boarding compensation rules, respectively. The code-sharing regulation requires that reservation agents advise customers when service is provided by airline code-sharing partners, some of whom operate smaller non-jet aircraft. The denied boarding compensation rules require immediate monetary compensation in certain circumstances when passengers holding con-

firmed reservations are bumped from flights. In addition, DOT's enforcement action in the denied boarding compensation case resulted in payments of tens of thousands of dollars to affected customers. DOT also issued five orders covering violations of the public charter rules.

Unauthorized Air Transportation Operations

DOT issued 15 cease and desist orders, assessing \$343,000 in civil penalties for unauthorized operations by foreign air carriers to and from the United States. The most significant cases involved Aeromexico, Regal Air, and SARO, a Mexican charter carrier whose U.S. authority was also revoked. The Department also issued consent cease and desist orders and assessed civil penalties against four air freight forwarders and direct air carriers for violations of service to Lebanon restrictions.

Rail Safety

FRA collected more than \$15 million in civil penalties for violations of rail safety laws. The added resources have also helped improve timeliness in this facet of the enforcement program.

Challenges For The Future

Airline Study Commission

The airline industry had another difficult but generally more stable year. No large airline ceased commercial operations. In April 1993, a reorganized Continental Airlines emerged from bankruptcy protection. TWA and America West continued to operate under Chapter 11 of the Bankruptcy Code.

To address and recommend solutions to industry problems, particularly the negative financial results of the domestic airline industry over the past 3 years, the Secretary revised and strengthened the airline study commission that had been enacted by the 102nd Congress. This was accomplished in coordination with the NEC, the Council of Economic Advisors

(CEA), other interested agencies, and Congress. The National Commission to Ensure a Strong Competitive Airline Industry was charged with studying and making policy recommendations about the future competitiveness of the U.S. airline and aerospace industries. Commission members represented airlines, passengers, shippers, airline employees, aircraft manufacturers, general aviation, and the financial community.

The Commission's final report contained 61 recommendations for enhancing the efficiency, technological leadership, financial strength and international competitiveness of the U.S. airline and aerospace industries. An NEC Working Group, headed by the Secretary and the CEA Chair, is developing an initiative based on the work of the Commission.

Appendix

Cases Filed Under the International Air Transportation Fair Competitive Practices Act (IATFPCA) of 1974, as amended

(NOTE: On July 5, 1994, the IATFPCA was superseded by a general recodification of the transportation statutes. This report is submitted in accordance with 49 U.S.C. 41310, formerly §2(b) of IATFPCA.)

American Airlines, Inc. v. Iberia, Lineas Aereas de Espana, S.A., and the Government of Spain, Docket 48654, and American Airlines, Inc. v. Compagnie Nationale Air France, S.A., Air Inter, and the Government of France, Docket 48655.

Description: On February 11, 1993, American filed separate IATFPCA complaints against the Governments of Spain and France alleging unfair practices by both Iberia and its controlled airline affiliates in Spain, and by Air France and its affiliate Air Inter in France, against both American and SABRE, American's computer reservation system (CRS). American stated that Iberia and Air France had caused their domestic airline affiliates to refuse to participate in SABRE either at a commercially viable level (in the case of Air Inter), or at all (in the case of Iberia's controlled affiliates, Aviaco, Binter Canarias, and Binter Mediterraneo). American further stated that refusal of these carriers to participate in SABRE and the failure of the Governments of Spain and France to prohibit their carriers from discriminating against American, had denied American its fair and equal opportunity to compete guaranteed under the respective aviation Agreements.

Action Requested: American requested that the Department issue a show-cause order proposing that, unless Aviaco, Binter Canarias, Binter Mediterraneo, and Air Inter agreed to participate fully in SABRE, (1) each CRS operating in the United States would be required to treat Iberia, its three controlled affiliates, Air France, and Air Inter as non-participating carriers, and (2) Iberia, its three controlled affiliates, Air France, and Air Inter would be required to refrain from permitting any CRS operating in the United States to provide availability information, to make bookings, or to issue tickets on their flights.

Status: American and the foreign carriers held several rounds of commercial negotiations during which DOT extended the action deadline on the complaints. (Orders 93-4-28, 93-4-43, 93-5-20 and 93-5-32.) Both complaints were resolved through the intercarrier commercial discussions with the support of all governments involved, and American withdrew its complaints. The Department dismissed American's complaint against Spain by Order 93-5-19 and that against France by Order 93-6-15.

Northwest Airlines, Inc. v. the Government of Australia, Docket 48611.

Description: On January 22, 1993, Northwest Airlines filed an IATFPCA complaint against the Government of Australia. Northwest cited Australia's restriction of Northwest's New York-Osaka-Sydney services as a violation of the U.S.-Australia bilateral aviation agreement. Northwest stated that the Government of Australia imposed and was now enforcing an invalid strict numerical limitation (50 percent) on the amount of Fifth-Freedom traffic that Northwest could carry on its bilaterally authorized services over the New York-Osaka-Sydney route. Specifically, Northwest stated that on December 31, 1992, it received notice that the Osaka-Sydney sector of its service was not in compliance with the terms of the Australian Government approval, and that not only must two of its three flights adhere to the 50 percent condition, but also, effective February 1, 1993, one of its three flights could carry no Osaka-Sydney traffic at all. Northwest stated that the impact of those restrictions, if implemented, would jeopardize Northwest's entire Australia service and disrupt significantly its U.S.-Japan services.

Action Requested: As an appropriate countermeasure, Northwest suggested that, effective February 1, 1993, the Department suspend Qantas' authority to operate nonstop service in the Los Angeles-Australia market.

Status: By Order 93-2-15, the Department approved the complaint of Northwest finding that Australia's restriction of Northwest's Fifth Freedom traffic on its New York-Osaka-Sydney services violated the provisions of the U.S.-Australia aviation agreement and denied Northwest's ability to exercise route rights to which it was entitled under the Agreement. The order also deferred on the issue of sanctions pending the outcome of intergovernmental consultations. Talks were held in Canberra on February 8 and 9, and in Washington, D.C., on March 31 and April 1. These consultations failed to resolve the complaint. At the conclusion of those talks, Australia formally requested arbitration to resolve the dispute.

Subsequently, the Australian Government proposed to revoke Northwest's authority to serve the New York-Osaka-Sydney route effective May 30 (later deferred to June 30), and, upon reapplication by Northwest, approve only two North Pacific flights instead of the three previously authorized. Further, authority for the two remaining flights would be conditioned on Northwest's not carrying more than 50 percent Osaka-Sydney traffic. Based on the Australian Government's proposed actions, the Department issued show-cause Order 93-5-13 proposing certain sanctions against Qantas Airways Limited that would become effective if the Government of Australia put into effect its proposed actions against Northwest's New York-Osaka-Sydney services. By Order 93-5-31, served May 25,

1993, the Department finalized its tentative findings and conclusions in Order 93-5-13, requiring Qantas to reduce its existing services in the Sydney-Los Angeles market by three weekly nonstop flights if and when the Government of Australia put into effect its proposed actions against Northwest.

Subsequent to these actions, the U.S. and Australian Governments held informal discussions in an effort to reach an accommodation that would address the aviation disagreement between the countries. On June 17, the countries agreed to suspend the announced actions that would require reductions in service by Northwest and Qantas. Under the terms of the accommodation, Northwest was able to continue its North Pacific services at the three-weekly-flight level and to switch the gateway to Detroit effective September 15. The accommodation also provided that the Department would withdraw its IATFPCA proceedings in Docket 48611 and vacate its June 2 Notice effectuating sanctions against Qantas. The Department took those actions by Order 93-6-26.

American Airlines, Inc. v. Aviateca, S.A., and the Government of Guatemala, Docket 48812.

Description: On May 18, 1993, American Airlines filed a complaint against Aviateca, S.A. and the Government of Guatemala. American alleged that the Government of Guatemala had disapproved American's proposed additional frequencies between Miami and Guatemala City, and that failure of Guatemala to allow the proposed new flights represented an intrusion by a foreign government into the competitive scheduling decision of a U.S. carrier and as such directly contravened Article 11 of the U.S.-Guatemala Air Transport Agreement; that Guatemala was obtaining benefits under the Agreement through the operations of its designated airline Aviateca; and that countermeasures were appropriate.

Action Requested: American requested that the Department issue a show-cause order providing that unless the Government of Guatemala allows American's proposed service, the authority held by Aviateca to operate between Miami and Guatemala City would be terminated.

Status: By Orders 93-7-29, 93-8-23, and 93-9-19, the Department extended the deadline for taking action on the complaint citing additional informal discussions with Guatemala concerning American's complaint, and Guatemala's approval, in principle, of American's additional service. In September, American received the necessary Guatemalan approvals for its increased Miami-Guatemala City service. By Order 93-10-28, the Department granted American's motion to withdraw its complaint in Docket 48812, and terminated the proceeding.

American Airlines, Inc. v. the Government of Italy, the Directorate General of Civil Aviation of the Ministry of Transport, Societa Esercizi Aeroportuali, and Alitalia Linee Aeree Italiane S.p.A., Docket 47956.

Description: On January 21, 1992, American Airlines filed an IATFPCA complaint against the Government of the Republic of Italy, the Directorate General of Civil Aviation of the Ministry of Transport, Societa Esercizi Aeroportuali (SEA), and Alitalia Linee Aeree Italiane S.p.A. (Alitalia). American cites the fact that, at Milan's Malpensa Airport, the Government of Italy and SEA prohibit American from (1) using its own CRS (SABRE)

at check-in facilities, and (2) self-handling. American states that these restrictions deny it a fair and equal opportunity to compete in the U.S.-Italy market.

Action Requested: American proposed that appropriate sanctions be taken against the U.S. operations of Alitalia unless the Government of Italy and SEA immediately grant American the right to use its SABRE CRS and to self-handle at Malpensa. American specifically recommended suspension of future Alitalia tariff filings, or temporary operating restrictions on Alitalia's U.S. operations or, in the alternative, prohibition of Alitalia's self-handling in the United States and requirement that Alitalia deal with an appointed agent.

Status: The Department extended the period for taking action on this complaint several times while informal discussions between representatives of the United States and Italy were conducted regarding this complaint and other matters. Various meetings were held between the parties in June and July 1992, during which they agreed to conduct a test of American's SABRE system in early September 1992. That test was successfully conducted on September 9 and SEA and Alitalia accepted in principle that American's system was compatible with the existing infrastructure at Malpensa and could be used at check-in positions. Additional meetings were held between the parties on October 14, 1992, at Milan. By Order 92-10-33, the Department approved, in part, American's complaint, finding that the Government of Italy, SEA, et al., by restricting American's use of its CRS at Milan's Malpensa Airport, denied American's right to a fair and equal opportunity to compete in the U.S.-Italy market; but deferred action on the issue of appropriate sanctions based on continuing progress of the SABRE implementation. The Department denied American's complaint with respect to self-handling on the basis that both American and Alitalia were precluded from self-handling, and, thus, no discrimination existed warranting sanctions against Alitalia. On November 9, 1992, American petitioned for reconsideration of the Department's denial of the self-handling aspect of its complaint. That petition is currently pending. (American also argued that the Department failed to meet the statutory deadline in this case and seeks an explanation.)

United Air Lines, Inc. v. The Government of Japan, Docket 48457.

Description: On November 5, 1992, United Air Lines filed an IATFPCA complaint against the Government of Japan. United cites the fact that Japan's denial of United's twice-weekly New York-Tokyo-Sydney schedules violates an agreement between the countries under which Japan agreed to accept such filings and allow the schedules to take effect on the date proposed.

Action Requested: United proposes that the Department should require Japanese carriers to file all schedules to and from the United States and to specify on each segment of those flights the percentage of passengers on board originating or terminating their journey in a third country so that the Department can determine appropriate countermeasures.

Status: By Order 92-12-40, the Department extended through February 3, 1993, the period for taking action on the complaint of United, based on upcoming negotiations scheduled with respect to this matter. A number of informal discussions with the Government of Japan were held and negotiations were con-

ducted the week of January 11, 1993. No progress toward resolution of the complaint was achieved at the negotiations and no further talks were scheduled. Therefore, by Order 93-2-9, the Department approved the complaint of United finding that Japan's actions with respect to the Tokyo-Sydney portion of United's New York-Tokyo-Sydney services violated the provisions of the U.S.-Japan aviation agreement by denying United access to a beyond-Japan market it is entitled to serve under the Agreement. The order also requested comments from interested parties on appropriate sanctions against Japan Air Lines Company, Ltd., in response to our findings on United's complaint. A number of responses were received. The issue of U.S. carrier Fifth Freedom rights is the subject of ongoing U.S.-Japan negotiations.

Evergreen International Airlines, Inc. v. Air China International Corporation d/b/a Air China and China Eastern Airlines d/b/a China Eastern, Docket 48829.

Description: On June 1, 1993, Evergreen International Airlines filed a complaint against Air China International Corporation d/b/a Air China and China Eastern Airlines d/b/a China Eastern. Evergreen alleges that Air China and China Eastern are engaging in unreasonable, discriminatory, and anticompetitive practices that are seriously impairing Evergreen's access to and ability to compete in the U.S.-China all-cargo market. Specifically Evergreen states that Air China and China Eastern have threatened Evergreen's existing and potential customers with retaliatory actions, including denial of space in peak periods and denial of space on their non-U.S. services, if they continue or begin doing business with Evergreen and that these threats have resulted in cancellation of numerous commitments and a near total boycott of Evergreen's services.

Action Requested: Evergreen requests that DOT issue a show cause order proposing to suspend immediately the all-cargo authority held by Air China and China Eastern until those carriers cease and desist from their anticompetitive practices.

Status: By Order 93-7-50 the Department approved the complaint of Evergreen and proposed sanctions against the Chinese carriers that would require them to discontinue all cargo services between the United States and China. The order required that objections to the proposed sanctions be filed by August 9, 1993, and answers to objections by August 16, 1993. By Notice dated August 9, the Department, at the request of the two Chinese carriers and concurrence by Evergreen, extended the procedural dates by 1 week. On August 16, China Eastern and Air China answered the show-cause order stating that sufficient progress had been made in commercial discussions among the carriers to warrant dismissal of the complaint. Evergreen filed a reply refuting their claims. By Order 93-9-26, DOT made final its tentative findings and conclusions in Order 93-7-50, regarding sanctions on Air China and China Eastern to become effective October 7, 1993. By Orders 93-10-12 and 93-10-25, at the request of Evergreen, the Department delayed the effective date of the sanctions imposed on the Chinese carriers to provide additional time for a negotiated settlement of its complaint. Subsequently, Evergreen reached an agreement between Air China and China Eastern which resolved the dispute. By Order 93-10-31, DOT granted the motion of Evergreen to vacate Order 93-9-26, which had imposed the sanctions against Air China and China Eastern and vacated sua sponte the Part 213 schedule filing requirement imposed on the Chinese carriers by

Order 93-7-50. At the end of FY 1993, the Department continued to monitor Evergreen's operations and had not terminated the proceeding.

Northwest Airlines, Inc. v. Lufthansa German Airlines and the Government of the Federal Republic of Germany, Docket 49063.

Description: On July 29, 1993, Northwest Airlines, Inc. filed a complaint against Lufthansa German Airlines and the Government of the Federal Republic of Germany. Northwest alleges that the German Government has denied Northwest the right to serve Germany through a code-sharing arrangement with KLM Royal Dutch Airlines. Northwest states that the right is expressly provided for in Article 12 of the U.S.-Germany Interim Agreement of November 6, 1992; that the German Government failed to acknowledge this right in legal actions undertaken against Northwest in Germany by Lufthansa—actions which have led to an injunction and possible fines against Northwest—and in a German court proceeding against KLM. Finally, Northwest states that the German Government has indicated that even if the Northwest/KLM code-share services were approved, they would be counted against the frequency limitations set forth in the Interim Agreement and the Agreement nowhere provides for such a result.

Action Requested: Northwest requests that the Department suspend Lufthansa's authority to serve at least six of the U.S. gateways it now serves, one of which would be Detroit since that particular market was one Lufthansa was permitted to enter under the terms of the Interim Agreement. Northwest further states that Lufthansa's authority should remain suspended until: (1) the German Government explicitly affirms, in a form admissible in a court of law, Northwest's right to serve points in Germany via Amsterdam in a code-share arrangement with KLM; (2) Lufthansa withdraws and terminates the litigation now pending in a German court; (3) the Court lifts the injunction prohibiting Northwest's code-share services into Germany; and (4) Lufthansa makes restitution to Northwest for any fines that may be imposed by the German court, as well as for Northwest's costs to defend the litigation, and for Northwest's commercial damages.

Status: By Order 93-9-33, DOT extended the action deadline on Northwest's complaint through October 27, 1993, based on a recent signed Memorandum of Consultation (MOC) between the United States and Germany specifically providing for third-country code-share services effective November 1, 1993, and on a motion by Northwest requesting the Department defer action on the complaint as a result of the September MOC. Northwest also stated that if the injunction (discussed in the complaint), imposed on Northwest by the district court in Frankfurt were vacated, the Department should dismiss Northwest's complaint. [By Order 93-10-41, the Department extended through November 26, 1993, the deadline for taking action on the complaint to provide for additional time to finalize the new agreement on third-country code-share services and for the German Government to withdraw the injunction.]

United Air Lines, Inc. v. the Government of Australia, Docket 49089.

Description: On August 13, 1993, United Air Lines, Inc. filed a complaint against the Government of Australia. United alleges that the Australian Government has imposed unlawful

limitations on United's New York-Tokyo-Sydney service, contrary to the provisions of the U.S.-Australia aviation agreement. Specifically, United states that for a number of years it has sought to operate a daily frequency in the New York-Tokyo-Sydney market, but that the Government of Australia repeatedly denied its requests; and that although Australia has approved a twice-weekly schedule for service in the market, it has restricted United's carriage of local Tokyo-Australia traffic on those flights to no more than 50 percent. United states that this numerical limitation is identical to that imposed on Northwest's New York-Osaka-Sydney service and which the Department has concluded in Order 93-2-15 violated the U.S.-Australia aviation agreement; and that Australia's actions against United's service warrant similar findings and approval of United's complaint.

Action Requested: United requests that the Department approve its complaint; rather than proposing a specific sanction, United suggests that any order establishing a remedy should await the outcome of the August 24 negotiations.

Status: By Orders 93-10-22 and 93-11-14, the Department extended the deadline for acting on United's complaint based on continued diplomatic efforts to resolve aviation differences with Australia arising under the U.S.-Australia Air Transport Agreement and the Memorandum of Understanding on North Pacific Capacity.

Federal Express Corporation v. the Government of Japan, Docket 49094.

Description: On August 20, 1993, Federal Express filed a complaint against the Government of Japan, citing that, contrary to the U.S.-Japan bilateral aviation agreement, Japan had refused to approve its summer schedules providing for Fifth Freedom operations on one weekly flight beyond Japan to Cebu, Philippines.

Action Requested: Federal Express proposes that the Department issue an order requiring that one or both Japanese carriers (Japan Air Lines Company and/or Nippon Cargo Airlines) suspend one all-cargo flight per week between Japan and the United States during the period that Federal Express is prevented from operating its service between Japan and Cebu.

Status: By Order 93-10-36, the Department approved Federal Express' complaint against the Government of Japan, finding that the actions of the Japanese Government to prevent unrestricted implementation of Federal Express' Japan-Cebu schedules, have, over the objection of the U.S. Government, denied Federal Express rights to which it is entitled under the agreement. The Department deferred on the issue of sanctions, however, stating that the issue of U.S. carrier Fifth Freedom services has been the subject of numerous informal and formal consultations with the Japanese for the past several months, and that further intergovernmental discussions were expected.

